

**WALLA WALLA COUNTY, WASHINGTON**  
**Special Audit**  
**July 25, 1994 Through August 14, 1995**

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**Schedule Of Findings**

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1. Public Funds Were Misappropriated, Vehicle Licensing Records Were Falsified, Customer Signatures Were Forged, And Accounting Records Were Destroyed By A County Employee

Our audit of the vehicle licensing records for one deputy county auditor-vehicle licensing cashier from the Walla County Auditor's Office, Auto License Department, revealed that at least \$1,895 in public funds was misappropriated during the period July 25, 1994, through August 14, 1995. Accounting records were falsified and destroyed in an attempt to conceal these losses. There were no federal funds involved in this case. These funds were misappropriated as described below.

Cash receipts from vehicle license fees were stolen by one deputy county auditor-vehicle licensing cashier. The deputy county auditor-vehicle licensing cashier first recorded the renewal of a license at the correct fee by printing the original registration document. A duplicate copy of this document was also reprinted at the same time. The deputy county auditor-vehicle licensing cashier then gave the customer the reprint copy of the registration document and their vehicle license tabs. After the customer left the auto license department, the deputy county auditor-vehicle licensing cashier backed-out (voided) the original transaction from the computerized licensing system. Finally, the deputy county auditor-vehicle licensing cashier reaccomplished the transaction at a lower fee. The difference between the amount of the correct fee and the amount of the reduced fee was then stolen by the deputy county auditor-vehicle licensing cashier. In one instance, the deputy county auditor-vehicle licensing cashier backed-out the original transaction for a vehicle registration without subsequently processing a reduced fee transaction. In this instance, the entire registration fee for this transaction was stolen by the deputy county auditor-vehicle licensing cashier. During our audit, customers confirmed to us that they had, in fact, paid the proper licensing fee represented by the original registration document that was backed-out (voided) for each of these irregular transactions.

During our February 13, 1996, interview, the deputy county auditor-vehicle licensing cashier admitted that she circumvented auto license department policies and procedures by falsifying and destroying a variety of accounting records associated with each irregular transaction included in this audit. This included: (a) recording a false statement on the registration document for the reason the transactions were backed-out (voided); (b) throwing away the customer's copy of the false transactions; and, (c) forging the customer's signature on the reaccomplished registration documents. However, she further stated that she took these actions in order to obtain funds which were reportedly used to correct errors that she had made while processing other unknown transactions. However, none of these additional transactions could be identified. This deputy county auditor-vehicle licensing cashier's employment with the county was suspended on February 14, 1996, pending a future personnel hearing on this matter.

RCW 42.20.070 states:

**Misappropriation and falsification of accounts by public officer.**

Every public officer, and every other person receiving money on behalf or for or on account of the people of the state or of any department of the state government or of any bureau or fund created by law in which the people are directly or indirectly interested, or for or on account of any county, city, town, or any school, diking, drainage, or irrigation district, who:

- (1) Shall appropriate to his or her own use or the use of any person not entitled thereto, without authority of law, any money so received by him or her as such officer or otherwise; or
- (2) Shall knowingly keep any false account, or make any false entry or erasure in any account, of or relating to any money so received by him or her; or
- (3) Shall fraudulently alter, falsify, conceal, destroy or obliterate any such account; or
- (4) Shall willfully omit or refuse to pay over to the state, its officer or agent authorized by law to receive the same, or to such county, city, town, or such school, diking, drainage, or irrigation district or to the proper officer or authority empowered to demand and receive the same, any money received by him or her as such officer when it is a duty imposed upon him or her by law to pay over and account for the same, shall be punished by imprisonment in a state correctional facility for not more than fifteen years.

The following internal control weakness allowed a deputy county auditor-vehicle licensing cashier to conceal these losses without being detected by management officials. Back-out (voided) registration transactions were not regularly reviewed or monitored by a supervisor in the auto licensing department to ensure that all transactions were for valid reasons and were supported by the appropriate documentation.

We recommend Walla Walla County seek recovery of the misappropriated \$1,895 and related audit/investigation costs from the deputy county auditor-vehicle licensing cashier and their insurance bonding company, as appropriate. We further recommend the Washington State Office of the Attorney General and the Walla Walla County Prosecuting Attorney review this matter and take whatever action is deemed necessary under the circumstances. Any compromise or settlement of this claim must be approved in writing by the Attorney General and State Auditor as directed by RCW 43.09.260.

Bond coverage for county employees is as follows:

The Hartford  
Public Employee Dishonesty Coverage  
Policy No. 52 PKS QK8121W  
\$50,000 With No Deductible Provision  
Period of Coverage: May 15, 1994, to October 1, 1995

The Hartford  
Public Employee Dishonesty Coverage  
Policy No. 52 PKS QK8125W  
\$50,000 With No Deductible Provision  
Period of Coverage: October 1, 1995, to October 1, 1996

We also recommend Walla Walla County review overall accounting controls in the county auditor's office, auto licensing department, correct the weaknesses outlined above, and implement an effective system of internal control designed to ensure the protection of public assets.